



Fisher River

CREE NATION

The Workings & Benefits of a Community Trust

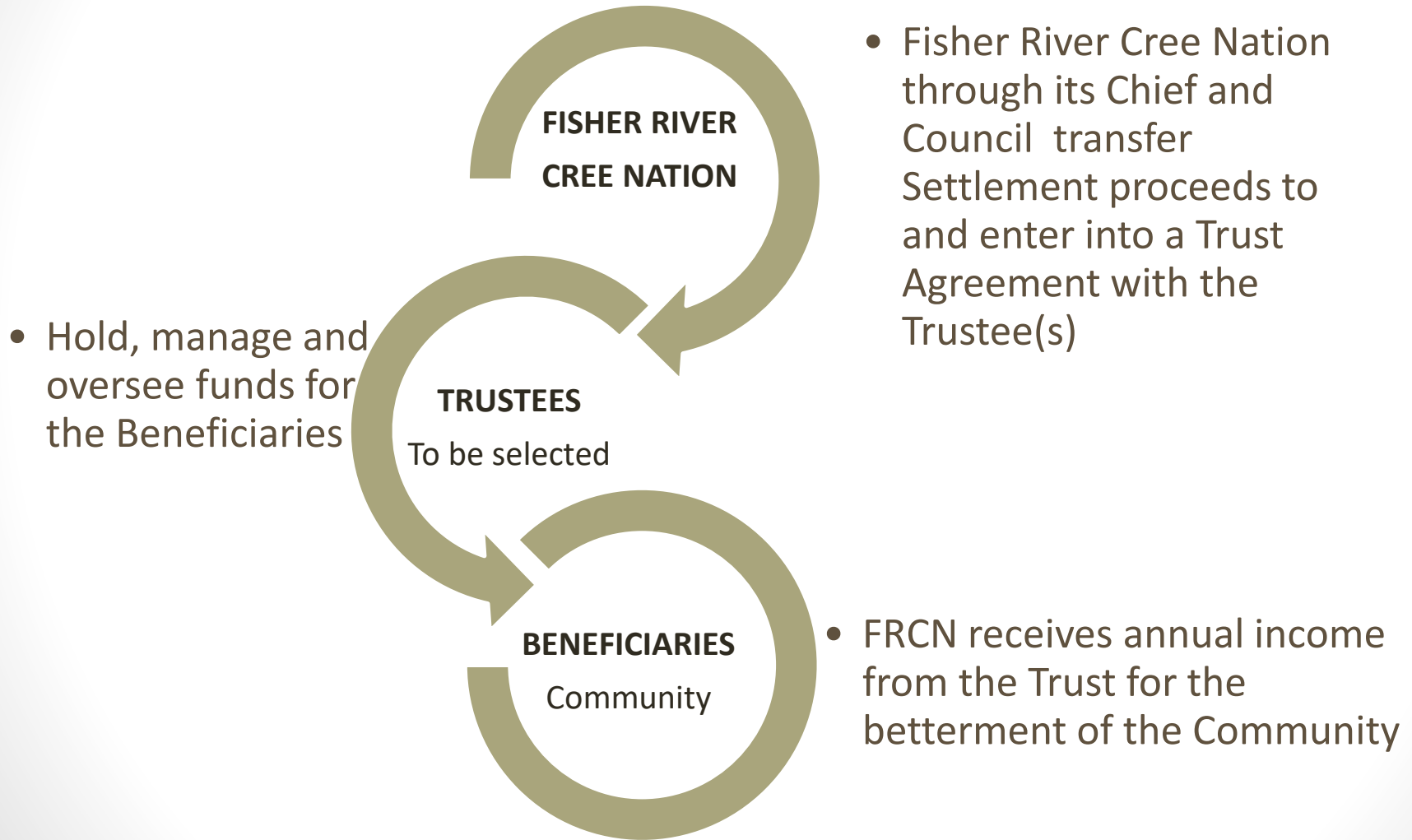
Member Information Update

March 15, 2021

Purpose of a Trust

- Effective way to govern, protect and grow wealth
- Separate legal entity that is intended to last a long time
- Trustees oversee the Trust assets for the benefit of the membership of Fisher River Cree Nation (Beneficiaries)
- The Trustee's role is to ensure the obligations of the Trust Agreement are adhered to over the life of the Trust and to act in the best interests of the Beneficiaries (both on and off Reserve) which includes that of future generations.

A Trust is a Relationship



Advantages of a Trust

- Distinct legal entity with binding rules about how funds are to be invested, managed and used.
- Ensures the Trustees are accountable to member beneficiaries for transparency and reporting on the use of Trust funds.
- Stable income can be generated from investments for the Community - both for today and the future.
- Can be a safety net if other funding sources are reduced.
- Separate legal entity ensures assets are protected in case of financial difficulties within the Community.

Leadership to Establish A Community Vision

through the identification of community realities, conditions, needs, gaps and aspirations, including support for on/off Community members.



*... Including Investment
for Future Generations*

Trust Income & Capital Considerations

Challenge:

- While annual income flows to the community, access to capital is often limited to allow for the growth of the Trust over time
- Initial authorized uses are often limited to Community Emergencies or Land Purchases (or generally larger cost items)
- How do you predict what the Nation's needs are in 30 years and how much access to capital should be allowed?

Consideration:

- The need to establish rules that permit access to additional Trust capital as the Trust grows in value over time.

Community Engagement

➤ **Membership Engagement**

- World Cafés – interactive break-out sessions
- Audience Response technology- e.g. Anonymous Polling
- Surveys and Focus Groups
- Newsletters
- General in-person meetings with the community as a whole and where possible with Elders, Youth and both on / off Reserve members

➤ **Follow-up meetings** will be held to present the results of Member engagement meetings and, in due course, a draft Trust Agreement will be provided for review and input prior to finalization

Trust Document Sets the Rules

Key Rules will include (but are not limited to):

- Uses of income and capital
- How long will the Trust last
- How Trustees will be appointed or removed
- Investment guidelines
- Procedures & criteria for disbursement of funds
- How often and how will reporting occur to ensure transparency for the Beneficiaries

Trust Governance

Trustee Considerations

- Community members (on and/or off reserve)
- Corporate Trustee - brings Trust and fiduciary experience

Selection Process

- **Appointed by Council:** Candidate applications to be reviewed and short-listed with the most qualified individuals to interviewed and approved by Council.
- **Number of trustees:** can vary depending on how extensive their role is yet both On-Off Reserve Members are to be considered
- **Terms of office:** trustee terms should be staggered so all the experienced trustees don't end their terms at the same time

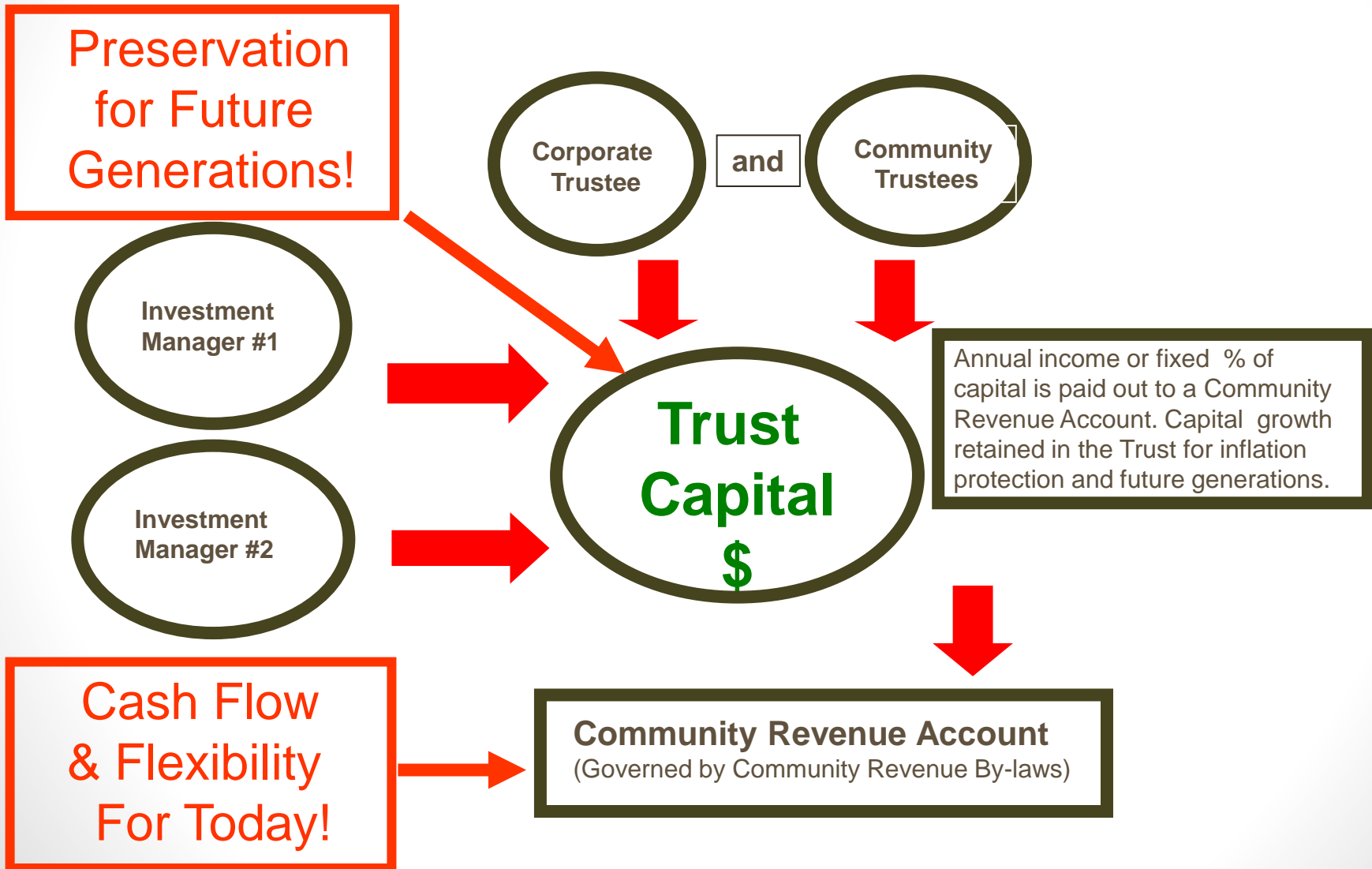
Growth and Sustainability

*... which can be defined as
“Meeting the needs of the present without
compromising the ability of future
generations to meet their own needs”*

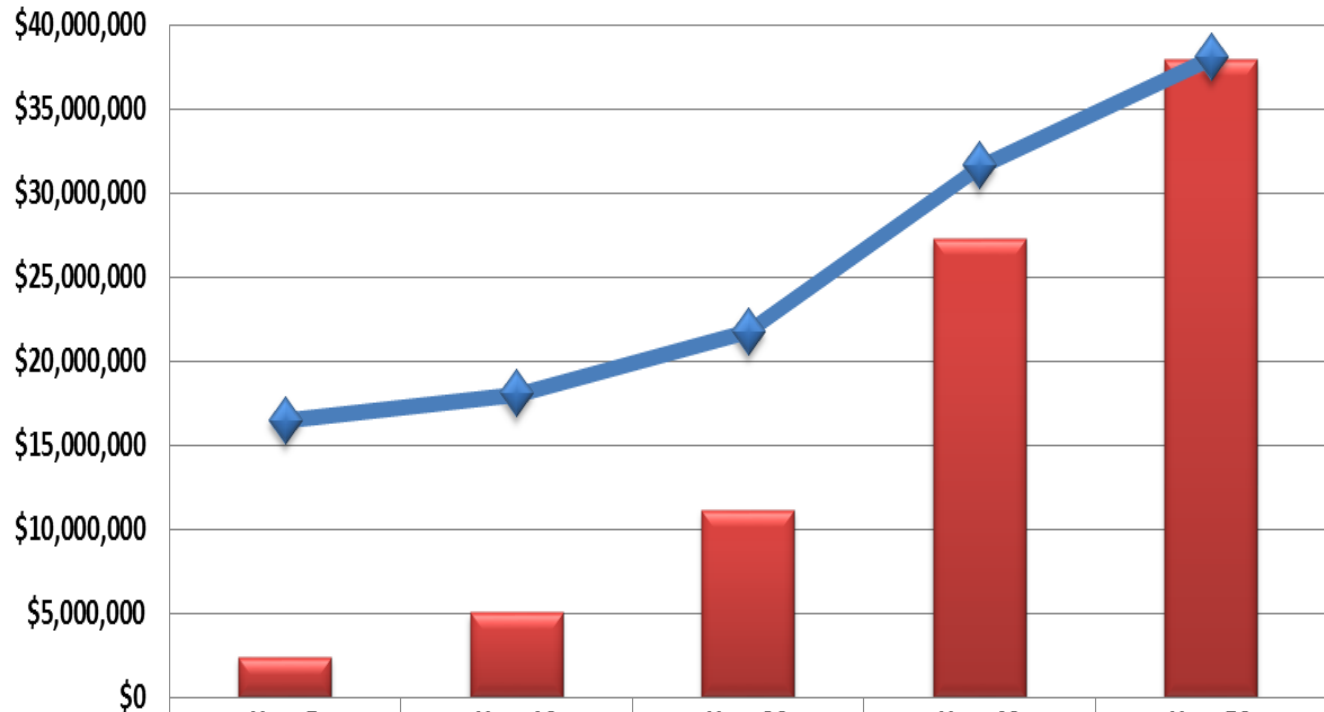
*“Someone’s sitting in the shade today because
someone planted a tree a long time ago.”*

- Warren Buffet

Overview of a Sample Trust Structure



Potential Growth & Income Distributions



Cumulative Dollars Transferred to Community

\$2,406,292

\$5,047,441

\$11,128,239

\$27,279,454

37,911,790

Portfolio Value

\$16,464,022

\$18,070,935

\$21,770,579

\$31,597,208

38,066,073

**Initial investment of
\$15,000,000
(example only)**

Return Assumptions

6.0% target return with 4.0% withdrawn annually (3.0% to Community + 1.0% in Trust expenses) with 2.0% held to cover inflation to maintain purchasing power.

Cumulative Annual Payment to Community Revenue Acct

Assumes that 3.0% of portfolio capital would be transferred to Community Revenue Account annually.

Please note this is a sample only and is no guarantee of future performance.

General Steps to Set Up the Trust

1

- Trust Planning (“The Vision”)
- Determine purpose, uses and structure through Member Engagement

2

- Trust Agreement Preparation
- Community updates, further engagement

3

- Corporate Trustee Search and Selection
- Member Trustee Search and Selection and Training

4

- Finalize Trust Agreement

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- Develop Investment Policies & Guidelines

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- Conduct Investment Manager Search & Selection process and engage Investment Managers

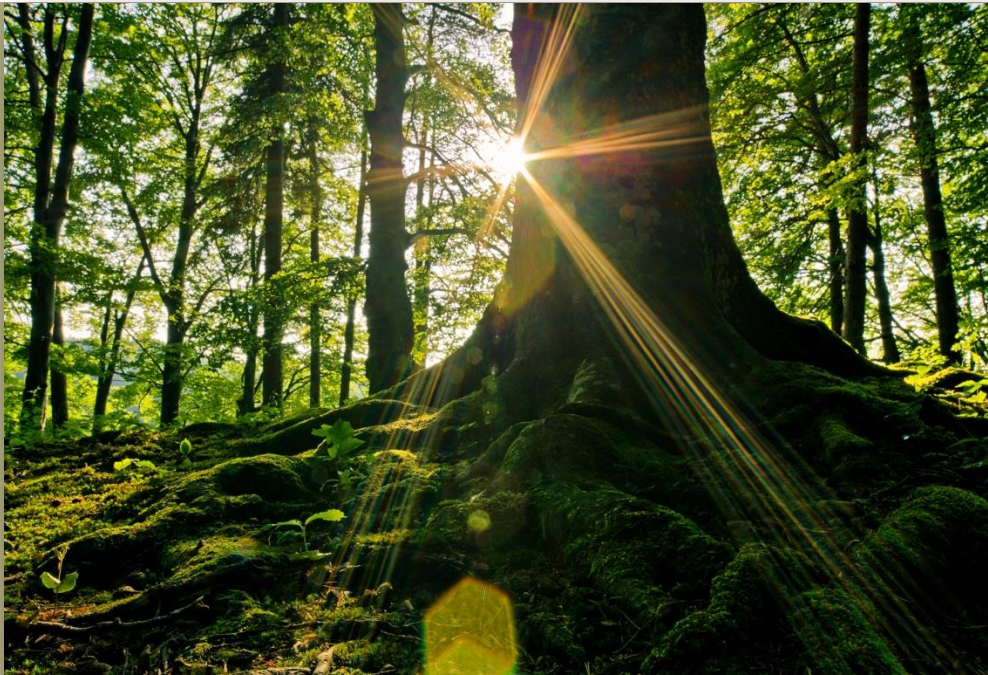
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- Settlement Funds to be deposited to the Trust

Next Steps ?

- Leadership to establish a Community Vision through the identification of community realities, conditions, needs, gaps and aspirations to be reflected in the development of the draft Trust Agreement
- Initiate Member engagement efforts in order to obtain feedback throughout the planning and development stages of the Trust Agreement
- Ongoing Member communications and updates
- Finalize the Trust Agreement for implementation

Ekosani !



Questions?

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